

A STUDY ON THE REVITALIZATION OF WAQAF (ENDOWMENT) LANDS FOR AGRIBUSINESS ACTIVITIES

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This paper discusses on the potential of revitalizing the idle waqaf lands for agribusiness activities. The study employs secondary data gathered from relevant authorities which then interpolated to determine meaningful result. The study indicates that there lucrative revenue that can be generated from agribusiness activities. However, a better management and coordination at the macro and micro level is needed amongst the various stakeholders to ensure the idle waqaf lands will be utilized efficiently. The constraint of this study is in term of having latest empirical data on the official size based on the suitability of the waqaf lands for agriculture. Nevertheless, the limitation of the study can be an opportunity for future study. The outcome from this study will create awareness on the potential of waqaf lands in agribusiness activities and the lucrative returns that this sector can produce. In addition, the study will contribute in enriching literature in this field. There is limited study has been done in measuring the potential of waqaf lands for agribusiness activities. Thus, this paper is one of its kinds in exploring the potential of waqaf lands.

Keywords – Waqaf lands, Agribusiness, Waqaf, Islamic finance, Jawhar

1.0 Introduction

Agribusiness is a traditional sector which has been given a new breath by the government in order to sustain the internal demand of the country's population and as a strategy to reduce import from outside. Despite the argument that the sector is unable to generate lucrative returns, none of us can deny the importance of the sector towards any nation. Recently, the government has formulated a new Agro-Food Policy which aiming to reduce the dependency on imported fruits and to increase productivity of the sector (Rahman, 2010). Rahman (2010) reports that even though the export's figures marked a significant increase however it was offset by the increment of imported fruits. There are many factors that hinder the development of agribusiness sector in this country; lack of participant, lack of land to be planted with crops, resistance towards new technology and technique and lack of capital (Arshad, 2005). On the other hand, Malaysia which is seen as a progressive Islamic nation is facing with a dilemma of underutilized waqaf properties, inclusive land.

Thus, the study intends to explore the nature of waqaf lands from Islamic perspectives and from the country's administrative aspect, the prospects and potential of the waqaf lands for the country's economic activities particularly agribusiness by measuring potential of revitalizing the waqaf lands for agribusiness **activities and the positive** impact that can be produced from such activities for the stakeholders; religious council, farmers and nation as a whole

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2.0 Waqaf: From The Islamic Perspectives and Local Religious Council's Administration

Waqaf or endowment has been embodied in Islam as one of the good deeds in which the spiritual deed rewarded by Allah with 70 times returns (Verse 2: 261). In another verse, the act of philanthropy by disposing out property as an act of charity is encouraged in Islam (Verse 73:20 and 64:17). The importance of waqaf in Islamic tradition is very important. It does not only serve as a means for someone to donate property in seeking for spiritual reward, it is also an economic tool to develop the community. Sadeq (2002) adds that waqaf is also a mechanism to alleviate poverty amongst the society members in which the same sentiment shared by Bremer (2004). The most notable evident is the importance of waqaf during the era of Islamic caliphate and amongst the prominent examples as depicted during the Islamic civilization are Al-Azhar University which was founded and financed by waqaf funds (Future Fund, 2006) and the practiced of Ottoman administration in utilizing waqaf funds for health, education and welfare budget purposes (Awqaf, 2007) taken from Muhammad (2010: 146).

Kahf (2002) explains that waqaf is an act of a person to bequeath his or her properties for the benefits of the community and the properties can only be used for the specific objective only. Nor and Mohammed (2009) explain that land represents the highest property that have been bequeathed for waqaf. Hasan and Abdullah (2008) clarify that in Malaysia, there are 20, 735.61 acres of identified waqaf lands and most the lands are left idle without any productive activities.

Hasan (2007) identifies that there are two types of waqaf;

“In the family endowment or *waqaf ahli*, the waqaf property is held for the family of its founder, until the distinction of his or her descendants, whereupon it is diverted to a charitable purpose. The charitable or public endowment or *waqaf khairi* involves the permanent dedication of property to charitable purposes”.

Table 1 shows the size of waqaf lands in the country.

Table 1: Size of Waqaf Lands in Each State

No.	State	Specific Waqaf (acres)	General Waqaf (acres)	Total (acres)
1	Kelantan	171.54	133.12	304.66
2	Federal Territories	5.47	22.07	27.54
3	Terengganu	204.43	43.01	247.44
4	Sarawak	236.929	-	236.929
5	Pahang	3985	-	3985

6	Sabah	4.178	25.42	29.598
7	Johor	1951	3976	5928
8	Perlis	218.69	8.75	227.44
9	Melaka	773.39	69.97	843.34
10	Kedah	420	423.34	843.34
11	Negeri Sembilan	1727.35	61.25	1788.60
12	Selangor	621.10	442.15	1063.25
13	Perak	4474	647	5122
14	Pulau Pinang	22.21	67.05	89.26
	TOTAL	14,815.787	5919.83	20,735.61

Source: Hasan and Abdullah (2008: 2)

The data depicts that Johor has the biggest size of waqaf lands and the smallest is Federal Territories. The latest recorded value for the waqaf lands, namely for eight states only (Terengganu, Kelantan, Perak, Kedah, Sabah, Pulau Pinang, Negeri Sembilan and Melaka) is RM1, 194, 167, 205.47 (Portal Pengurusan Maklumat, accessed date 3 June 2010). Hasan and Abdullah (2008) mention that in term of value, states like Pulau Pinang, Kuala Lumpur and some parts in the city of Johor recorded significant value and situated at strategic location. Indirectly, it explains that most of the waqaf lands are located at rural or outskirts of the city which indicates that the lands do not possess significant commercial value. The underutilized lands if to be developed for agricultural activities would bring better benefit towards the donor in term of spiritual reward and also to the community. However, there is one issue that governing the utilization of lands in Malaysia which is the land status or categorization of the land as specified by

the land office, such as for industrial, farming, residential etc. This sentiment also echoed by Nor and Mohammed (2009).

3.0 The Prominent Issues Affecting the Waqaf Land

In general, the respective state Islamic religious council is the sole trustee of waqaf land. The administration of this property is subjected to the authority and power of the sultan of each state who represents the guardian of Islamic faith. As such, this segregation of power has created sort of predicament in coordinating and administering the waqaf lands throughout Malaysia (Zin, 2009). The same problem faced by many Muslims countries as quoted by UN-Habitat (2005). Director of Department of Waqaf, Zakat and Hajj Malaysia, Datuk Dr. Sohaimi Mohd Salleh clarifies significant issues that his department needs to overcome when it comes to process of developing the waqaf lands such as legal issue, shortage of workforce, location of the waqaf lands and some disputed waqaf lands that now in the process of court hearing (taken from JAWHAR website, December 12, 2010).

Despite several issues linger the process of developing the waqaf lands, several state religious councils with help from Department of Waqaf, Zakat and Hajj Malaysia have joint-efforts in developing the waqaf lands, one of the activities is agriculture.

4.0 Potential of Revenue from the Revitalization of Waqaf Land

The country's Third National Agricultural Policy (1998-2010) has targeted that Malaysia should achieve surplus trade for agricultural products in its Balance of Trade. One of possible ways to achieve the objective is by maximizing the utilization of the lands in the country. Hypothetically, based on Hasan and Abdullah (2008) figures, if other factors are considered as *ceteris paribus* (especially the land status as specified by the land office), and we take the mango production as example, for one acre of mango farm, it can generate approximately RM12, 955, 919 per month, and if we take only half (50%) of the waqaf

lands' size, the yield would be approximately RM77, 735, 515 per year. A real example has been evidenced by the Islamic Religious Council of Perak in which the agency has pledged its 16 acres waqaf lands in Manjung to Encik Che Azmi for mango cultivation and the net income generated from such activity was RM300, 000 per year or RM25,000 per month (Kisah Kejayaan Usahawan Ladang, accessed date 5 June 2010). This valid evidence should be an eye opener for other state religious councils, however, to date not much has been done towards that direction. Table 2 illustrates the potential revenue that can be generated from seven types of fruit farming activities (with assumption that other factors of production remain constant).

Table 2: The Potential Income from Agricultural Activities (based on types of fruits)

	Watermelon	Pineapple	Durian	Mango	Mangosteen	Rambutan	Jackfruit
Income (recorded by Department of Agricultural) per acre as at full year of 2008	RM28, 319	RM21, 349	RM12, 743	RM7, 498	RM8, 498	RM5, 135	RM15, 883
Potential Income (per acre per year) from 100% utilization of waqaf lands	RM587, 191, 715	RM442,671,515	RM264,226,105	RM155,471,030	RM176,206,030	RM106,474,225	RM329,334,005
	RM29, 359, 5857	RM221, 335, 758					

Potential Income (per acre per year) from 50% utilization of waqaf lands			RM132,113,053	RM77,735,515	RM88,103,015	RM53,237,113	RM164,667,003
Potential Income (per acre per year) from 25% utilization of waqaf lands	RM733, 98, 964	RM55, 333, 939	RM66,056,526	RM38,867,758	RM44,051,508	RM26,618,556	RM 82,333,501

*The tabulation of data is hypothetically estimated based on assumption that other factors of production remain constant. The data is manipulated based on the figures gathered by Ministry of Agriculture in year 2008. http://www.djati.com.my/mps/agro2009/Buah_buahan_4.pdf.

5.0 Conclusion

The government's aspiration to see a modern agriculture sector with a high yield output would be hindered if the economic agents (land, labor, capital and entrepreneur) are not fully employed. The waqaf land, which its long history in Islamic tradition has shown that it has a great economic influence, can be a good alternative for the government to achieve the objectives laid in the Third National Agricultural Policy. The spillover of the positive impact would not only experience by the donor but to the community as well. An effective coordination is needed at the macro and micro level so that the issues that affecting the waqaf land can be settled as soon as possible. The newly established department of Waqaf, Zakat and Hajj can play important role on this matter, albeit the challenges that the department needs to face. The Department of Waqaf, Zakat and Hajj was established in March 2004 in order to oversee the administration of waqaf, zakat and hajj in this country.

Further study is needed in order to measure empirically the suitable size of waqaf lands in Malaysia which can be converted into agribusiness activities. In addition, the suitable agricultural lands need to be matched with the relevant crops or fruits farming so that the efficiency of land's usage can be achieved.

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